

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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| Illinois Commerce Commission | : | |
| On Its Own Motion | : | 02-0844 |
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| Amendment of 83 Ill. Adm. Code 551 | : | |

**STAFF OF THE ILLINOIS COMMERCE COMMISSION’S REPLY TO
INITIAL COMMENTS OF PEOPLES ENERGY SERVICES CORPORATION
REGARDING FIRST NOTICE OF RULEMAKING**

Now comes the Staff of the Illinois Commerce Commission (“Staff” and “Commission”), by and through its attorneys, and replies to the Initial Comments of Peoples Energy Services Corporation [(“PE Services”)] Regarding First Notice of Rulemaking (“PE Services’ Comments”) in this proceeding.

83 Ill. Adm. Code 551.70. Staff does not support the changes to proposed 83 Ill. Adm. Code 551.70 offered by PE Services. (PE Services’ Comments, pp. 1-4.)

The proposed first notice rule is preferable to PE Services’ alternative, particularly in instances when incumbent gas utilities bill on behalf of alternative gas suppliers (“AGS”). Under proposed 83 Ill. Adm. Code 551.70(b), a customer and its AGS identify a disputed amount, which is shown separately on the supplier section of the customer’s utility bill and segregated from total current charges. Disputes between customers and their AGS do not involve the third-party billing utility.

PE Services’ alternative turns problematic when customers’ disputed AGS amounts remain in the billing utility’s current charges. Customers withholding disputed AGS amounts, perhaps unintentionally and often detrimentally, end up making partial

payments on total utility charges. Under the Northern Illinois Gas Company, Peoples Gas Light & Coke Company, and North Shore Gas Company customer-choice programs, payments are first applied to past-due utility charges, then past-due AGS charges, current utility charges, and finally current AGS charges. As a result, AGS customers withholding disputed amounts are surprised when next month's third-party utility bills assess late fees on unanticipated delinquencies. Customer-AGS disputes lasting several months or more may invite utility late-payment deposits and adverse credit reporting. The resulting difficulties PE Services' proposal creates for wronged AGS customers encourage bad actors in Illinois' nascent market for competitive natural gas services.

Wherefore, Staff respectfully requests that the Commission reject PE Services' suggested changes and approve the proposed amendments to 83 Ill. Adm. Code 551 with modifications set forth in the Staff of the Illinois Commerce Commission's Comments Regarding First Notice of Proposed Rulemaking as the second notice submitted to the Joint Committee on Administrative Rules in this proceeding.

Respectfully submitted,

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